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TARC
FINANCIAL STATEMENTS
JUNE 30, 2007

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Release Date 3/5/08

TARC
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December 7, 2007

INDEPENDENT AUDITOR'S REPORT

Board of Directors
TARC
Hammond, Louisiana

Ladies and Gentlemen:

We have audited the accompanying statement of financial position of TARC (a non-profit organization) as of June 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of TARC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of TARC as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2007, on our consideration of TARC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Member of:
American Institute of Certified Public Accountants
Arkansas Society of Certified Public Accountants
Society of Louisiana CPAs

Independent Auditor's Report
(Concluded)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of TARC taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of functional expenses on pages 13 and 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

 James W. Campbell CPA, AICPA

TARC
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2007

ASSETS

	<u>2007</u>
<u>CURRENT ASSETS</u>	
Cash	\$256,187
Accounts receivable	69,832
Prepaid expenses	<u>2,584</u>
<u>Total Current Assets</u>	<u>328,603</u>
<u>FIXED ASSETS</u>	
Land	47,065
Building	66,045
Leasehold improvements	68,426
Furniture and equipment	110,509
Vehicles	<u>32,617</u>
	324,662
Less: Accumulated Depreciation	<u>(148,504)</u>
<u>Total Fixed Assets</u>	<u>176,158</u>
<u>Total Assets</u>	<u>504,761</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>	
Accounts payable	21,350
Accrued payroll	44,513
Payroll taxes payable	13,513
Other payroll withholding liabilities	<u>1,785</u>
<u>Total Liabilities</u>	<u>81,161</u>
<u>NET ASSETS</u>	
Unrestricted net assets	<u>423,600</u>
<u>Total Net Assets</u>	<u>423,600</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 504,761</u>

The accompanying notes are an integral part of this statement.

TARC
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	<u>2007</u>
<u>UNRESTRICTED NET ASSETS</u>	
Contributions	\$ 33,626
Fund raisers	201,871
Memberships	780
Contributions - United Way	26,410
Donated facilities	<u>32,000</u>
<u>Total Unrestricted Public Support</u>	<u>294,687</u>
<u>REVENUES</u>	
Fees and grants from Governmental Agencies and private insurers	1,293,849
Day care revenue	139,000
Interest income	1,120
Miscellaneous	<u>673</u>
<u>Total Unrestricted Revenues</u>	<u>1,434,642</u>
<u>Total Unrestricted Public Support and Revenue</u>	<u>1,729,329</u>
<u>EXPENSES</u>	
Program services:	
Early intervention	136,773
Food program	17,888
Early learning center	170,284
Community support services	<u>1,215,476</u>
	1,540,421
Supporting services:	
Management & general	102,544
Fund raising	<u>26,243</u>
	128,787
<u>Total Expenses</u>	<u>1,669,208</u>
<u>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</u>	<u>60,121</u>
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>363,479</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 423,600</u>

The accompanying notes are an integral part of this statement.

TARC
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007

	<u>2007</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Change in net assets	\$ 60,121
Adjustments to reconcile change to net cash provided by operating activities:	
Depreciation	9,531
(Increase) Decrease in:	
Accounts receivable	40,492
Prepaid expenses	6,177
Increase (Decrease) in:	
Accounts payable	11,546
Accrued payroll	22,638
Payroll taxes payable	(1,936)
Other payroll withholding liabilities	(991)
<u>NET CASH FROM OPERATING ACTIVITIES</u>	<u>147,578</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchases of property and equipment	(29,501)
<u>NET CASH FROM INVESTING ACTIVITIES</u>	<u>(29,501)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
<u>NET CASH FROM FINANCING ACTIVITIES</u>	<u>- 0-</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>118,077</u>
<u>CASH, BEGINNING OF YEAR</u>	<u>138,110</u>
<u>CASH, END OF YEAR</u>	<u>256,187</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</u>	
Cash paid during the year for:	
Interest	<u>\$ - 0-</u>

The accompanying notes are an integral part of this statement.

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

TARC is a private, non-profit organization whose purpose is to provide an early intervention program for children, birth to three years of age, who reside in Tangipahoa and Livingston Parishes, with developmental needs or handicaps, or at risk of having developmental needs or handicaps. TARC provides advocacy and community support services to individuals with disabilities. TARC also operates a Day Care facility which can provide for special needs children as well as the general public. TARC's support comes primarily from various state contracts and programs.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of TARC and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of TARC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by TARC. Generally, the donors of these assets permit TARC to use all or part of the income earned on any related investments for general or specific purposes.

C. Financial Statement Presentation

In 1997, TARC adopted Statement of Financial Accounting Standards, (SFAS) No.117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No.117, TARC is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this Statement, TARC has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation (Continued)

TARC also adopted SFAS No.116, "Accounting for Contributions Received and Contributions Made", in 1997. In accordance with SFAS No.116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

D. Income Taxes

TARC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, TARC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ending June 30, 2007.

E. Allocation of Supporting Service Expenditure

Certain overhead expenses have been allocated between Program services and Supporting services based on a time study and an allocation of floor space based on the utilization of square footage by each program.

F. Cash and Cash Equivalents

TARC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

G. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the Statement of Activities as net assets released from restrictions.

H. Fixed Assets

Fixed assets acquired by TARC are considered to be owned by TARC; however, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of \$500 or more and an estimated useful life of at least one year.

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fixed Assets (Continued)

TARC follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

	<u>Estimated Useful Life</u>	<u>Cost</u>
Building	39.5 years	\$ 66,045
Leasehold Improvements	5-10 years	68,426
Furniture and equipment	5-10 years	110,509
Vehicles	5 years	32,617
		<u>\$277,597</u>

Depreciation expense was \$9,531 for the year ending June 30, 2007.

I. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Support and Revenue

TARC receives grant and contract support from the State Department of Health and Hospitals and other State Agencies (see Note 10-Summary of Grants/Contracts Funding). TARC receives client fees, Medicaid income, and Medicare income for billable client services and recognizes these fees and income when earned.

NOTE 2: ACCOUNTS RECEIVABLE

Receivables at June 30, 2007 are summarized below. Revenues and related receivables represent fees for services provided. No collateral is required by TARC. At June 30, 2007 no provision for uncollectible receivables has been provided. Management has evaluated accounts receivable and in their opinion all are collectible.

	<u>June 30, 2007</u>
Due from State of Louisiana:	
Early Intervention Program	\$ 8,370
Due from other sources:	
Other Receivables	61,462
	<u>\$ 69,832</u>

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2: ACCOUNTS RECEIVABLE (CONTINUED)

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for uncollectible accounts at June 30, 2007 and 2006. The maximum amount of loss due to credit risk that the entity would incur if all parties to the financial instruments failed to perform according to the terms of the contract is \$69,832.

NOTE 3: ACCRUED VACATION AND LEAVE - EMPLOYEE BENEFITS

Employees of TARC accrue annual vacation and leave at various rates and number of days. There is a six (6) month probationary period for all new employees prior to accruing any vacation or leave. Any vacation days carried over to the following fiscal year must be used by the 31st of August of that year or be forfeited. There was \$4,508 recorded in accrued leave as of June 30, 2007.

NOTE 4: COMMITMENTS AND CONTINGENCIES

TARC receives a substantial portion of its revenues from Government grants and contracts which require the Organization to obtain a contract compliance audit of expenditures charged to the contracts. These may be subject to retroactive adjustments by third party payers. Management is not aware of any proposed adjustments and no provision for estimated retroactive adjustment has been provided.

NOTE 5: DONATED FACILITIES, MATERIALS, EQUIPMENT, AND SERVICES

Donated facilities are reflected as revenue received directly from the public with a corresponding expense to supporting services in the amount of \$32,000. The estimated value was determined by inquiry of real estate agents in the general area.

TARC records the value of donated goods or services when there is an objective basis available to measure their value.

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. There were no equipment donations as of June 30, 2007. The value of donated services is not reflected in the accompanying financial statements because the value of such services and the amount of time donated is immaterial.

NOTE 6: LEASES

TARC's lease with the State of Louisiana, for a 6,400 square foot building located at 201 East Church Street, Hammond, Louisiana was renewed for an additional twenty-five years on October 19, 2003. The consideration was the mutual benefit, advantages, and convenience to be derived by the public in the operation of TARC. The donated facilities are valued at \$32,000 annually.

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 7: SALARY REDUCTION PROGRAM

TARC offers its employees a 403 (b) (7) salary reduction program. Participation in this program is voluntary. TARC does not contribute to this program.

NOTE 8: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents - Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

The estimated fair values of TARC's financial instruments at June 30, 2007 are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$256,187	\$256,187

NOTE 9: CONCENTRATION OF CREDIT RISK

TARC maintains several bank accounts at three banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. There was one bank account that was \$16,665 in excess of the FDIC limit as of June 30, 2007

NOTE 10: SUMMARY OF GRANTS/CONTRACTS FUNDING

TARC received funding from the following sources for the period July 1, 2006 to June 30, 2007:

<u>Funding Source</u>	<u>Grant Contract Number</u>	<u>Period</u>	<u>Contract</u>	<u>Support</u>
Department of Education				
Child and Adult Care				
Food Program (CACFP)	10.558			<u>12,787</u>
<u>TOTAL GRANTS AND CONTRACTS</u>				<u>\$ 12,787</u>

TARC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 11: ECONOMIC DEPENDENCY

TARC derives its revenues from governmental sources (Medicaid), the loss of which would have a material adverse affect. During the year ended June 30, 2007, revenue derived from governmental sources accounted for approximately 72% of total revenue. Ninety five (95%) of accounts receivable at the year-end were related to such revenues.

NOTE 12: COMMITMENTS AND CONTINGENCIES

TARC is subject to certain claims and litigation. All claims are in an early stage and any potential loss cannot be estimated at this time. The Company's liability, if any, may be determined during the next fiscal year ending June 30, 2008. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the Organization.

SUPPLEMENTARY INFORMATION

TARC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2007

PROGRAM EXPENSES

	<u>EARLY INTERVENTION PROGRAM</u>	<u>CHILD CARE FOOD PROGRAM</u>	<u>EARLY LEARNING CENTER</u>
Salaries	\$ 75,265	\$ 7,527	\$ 105,185
Payroll taxes and benefits	<u>14,131</u>	<u>811</u>	<u>12,415</u>
<u>Total employee compensation</u>	<u>89,396</u>	<u>8,338</u>	<u>117,600</u>
Affiliation fees			
Central office overhead	26,420		30,285
Contract therapist services	12,064		
Dues and subscriptions	791		604
Equipment			11,960
Fund raising expense			871
Insurance	4,585		423
Interest			
Meeting expense			
Miscellaneous	298		2,255
Office expense	356		1,480
Professional services			
Rent			
Repairs and maintenance-buildings			
Repairs and maintenance-equipment	761		569
Supplies-general	10	9,550	1,102
Supplies-training	224		1,989
Telephone			162
Training	118		560
Travel and seminars	<u>608</u>		<u>424</u>
Total expenses before depreciation	<u>135,631</u>	<u>17,888</u>	<u>170,284</u>
Depreciation of Fixed Assets	<u>1,142</u>		
<u>Total Functional Expenses</u>	<u>\$ 136,773</u>	<u>\$ 17,888</u>	<u>\$ 170,284</u>

See Auditor's Report

COMMUNITY SUPPORT SERVICES	TOTAL PROGRAM EXPENSES	SUPPORTING SERVICES	TOTAL EXPENSES (MEMORANDUM ONLY) 6-30-07
\$ 786,753	\$ 974,730	\$ 29,475	\$ 1,004,205
<u>98,086</u>	<u>125,443</u>	<u>3,585</u>	<u>129,028</u>
 <u>884,839</u>	 <u>1,100,173</u>	 <u>33,060</u>	 <u>1,133,233</u>
215,555	272,260	4,348	4,348
12,600	24,664	17,983	290,243
2,200	3,595		24,664
59	12,019	2,520	6,115
	871		12,019
	5,008	26,243	27,114
			5,008
4,920	7,473	1,341	1,341
4,704	6,540	6,031	13,504
		381	6,921
		571	571
		32,000	32,000
36,515	36,515		36,515
	1,330		1,330
14,104	24,766	3,101	27,867
54	2,267		2,267
131	293	80	373
302	980	35	1,015
<u>39,226</u>	<u>40,258</u>	<u>1093</u>	<u>41,351</u>
 <u>1,215,209</u>	 <u>1,539,012</u>	 <u>128,787</u>	 <u>1,667,799</u>
 <u>267</u>	 <u>1,409</u>	 <u></u>	 <u>1,409</u>
 <u>\$ 1,215,476</u>	 <u>\$ 1,540,421</u>	 <u>\$ 128,787</u>	 <u>\$ 1,669,208</u>

TARC
SCHEDULE OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
<u>Department of Education</u>			
Child and Adult Care Food Program (CACFP)	10.558		<u>12,787</u>
Total			<u>\$ 12,787</u>

See Auditor's Report

JAMES M. CAMPBELL
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December 7, 2007

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
TARC
Hammond, Louisiana

We have audited the financial statements of TARC (a nonprofit organization) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TARC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control of financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TARC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Concluded)

on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Directors, management, state and federal awarding agencies and pass-through entities of TARC, the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

 James M. Campbell CFA, APC

TARC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of TARC.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of TARC were disclosed during the audit.
4. TARC was determined to be a low-risk auditee.

TARC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of TARC.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of TARC were disclosed during the audit.
4. TARC was determined to be a low-risk auditee.